

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 PM-07 INR-10 L-03 NEA-10

NSAE-00 PA-04 RSC-01 PRS-01 SPC-03 USIA-15 TRSE-00

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FM USMISSION NATO

TO SECSTATE WASHDC 4236

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LIMITED OFFICIAL USE USNATO 1012

E.O. 11652: N/A

TAGS: MARR, NATO

SUBJECT: DISPOSITION OF NATO-HAWK JOINTLY-OWNED MAINTENANCE
FLOAT MATERIAL

REFS: A. USNATO 5989, B. STATE 020140, C. STATE 239717, D. USNATO 599

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E. HMO/10.9.01/0080/74, 13 FEB 74, F. USG, NHPLO AGREEMENT-
CLOSING OUT OF MUTUAL ACCTS, 29 MAY 74

BEGIN SUMMARY. NATO-HAWK GENERAL MANAGER HAS REJECTED USG CLAIM
TO OWNERSHIP OF A PORTION OF THE JOINT MAINTENANCE FLOAT. NATO-
HAWK BOARD OF DIRECTORS (BOD) WILL ADDRESS SUBJECT AT A BOD MEET-
ING IN THE NEAR FUTURE. ACTION REQUESTED: PROVIDE USNATO WITH A
DETAILED BRIEF FOR PRESENTATION BY THE US BOD MEMBER AT THE NEXT
BOD MEETING SCHEDULED FOR 17-21 MARCH 1974. END SUMMARY.

1. IN DEC 73 US MEMBER OF NATO-HAWK BOD (COL LYNCH) NOTIFIED THE
NATO-HAWK GENERAL MANAGER (GENERAL MANCINI) OF THE US POSITION
ON DISPOSITION OF MAINTENANCE FLOAT MATERIAL AND REAFFIRMED USG
CLAIM TO OWNERSHIP OF A PORTION OF THE JOINTLY-OWNED MAINTENANCE
FLOAT (REF A) IN ACCORDANCE WITH INSTRUCTIONS IN STATE MESSAGES
020140 AND 239717 (REFS B AND C). IN ADDITION TO REAFFIRMING THE
US CLAIM, REF A UTILIZED GUIDANCE AND LANGUAGE CONTAINED IN STATE
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MSG (REF B) TO INFORM THE HAWK GENERAL MANAGER (GM) THAT QUOTE
THE US DOES NOT HAVE LEGAL AUTHORITY TO TRANSFER THE US SHARE OF
MAINTENANCE FLOAT HARDWARE TO DENMARK, GREECE AND ITALY WITHOUT
REIMBURSEMENT FOR SUCH SHARE UNQUOTE. STATE LANGUAGE AND GUID-

ANCE IN REF B WERE AGAIN USED IN STATING TO THE GM THAT QUOTE RECOVERY OF THE US SHARE IS NOT PRECLUDED BY THE US-NHPLO AGREEMENT REGARDING FINAL SETTLEMENT OF ACCOUNTS DATED MAY 29, 1972 WHICH REPRESENTS FINAL ADJUSTMENT OF OFF-SETTING CREDITS ACCRUING UNDER THE TECHNICAL ARRANGEMENTS OF 1960 AND THE PURCHASE AGREEMENTS OF NOVEMBER 8, 1965 UNQUOTE. THE COMBINED APPROACH CONCURRED IN BY REF C OF (1) OBTAINING REIMBURSEMENT FOR FLOAT ITEMS DESIRED BY ALLIES AND (2) US RETRIEVAL WHERE ECONOMICALLY WARRANTED WAS ALSO INCLUDED IN THE LETTER TO THE GM.

2. IN REF D MISSION REPORTED ANTICIPATED OPPOSITION OF GM TO USG CLAIM AND SUGGESTED THAT OSD OFFICE OF GEN COUNSEL BE PREPARED TO SUBMIT LEGAL BRIEF TO BOD IN SUPPORT OF US POSITION.

3. ON 14 FEB 74 THE NATO-HAWK LIAISON OFFICER (NHLO) REPORTED RECEIPT OF A REPLY FROM THE GM (REF E) IN RESPONSE TO US LETTER (REF A). THE GM'S POSITION IS THAT USG RELINQUISHED TITLE TO ALL MAINTENANCE FLOAT ITEMS IN CONJUNCTION WITH FINAL FINANCIAL SETTLEMENT OF MAY 29, 1972 (REF F). ARTICLE 1--PURPOSE OF THE AGREEMENT--OF THE USG/NHPLO (NATO-HAWK PRODUCTION & LOGISTICS ORGANIZATION) AGREEMENT ENTITLED CLOSING OUT OF THE MUTUAL ACCOUNTS UNDER THE NATO-HAWK PRODUCTION PROGRAMME STATES QUOTE THE PURPOSE OF THIS AGREEMENT IS TO FINALIZE, AFTER OFFSETTING THE MUTUAL CREDITS AND OBLIGATION RESULTING FROM THE APPLICATION OF THE TECHNICAL ARRANGEMENTS OF 31 MARCH 1960, ON ONE HAND, AND THE MEMORANDUM OF UNDERSTANDING OF 8 NOVEMBER 1965 ON THE OTHER HAND, THE ULTIMATE BALANCE AMOUNT TO BE PAID TO NHPLO BY THE UNITED STATES GOVERNMENT AND THE DATE OF USCH PAYMENT UNQUOTE. GM INDICATED THAT HE INTENDS TO PLACE THIS ITEM ON A BOD AGENDA IN THE NEAR FUTURE. REF E IS QUOTED IN PARA 5 THIS MSG.

4. REQUEST STATE/DEFENSE PROVIDE USNATO WITH A DETAILED BRIEF IN SUPPORT OF US POSITION FOR PRESENTATION BY THE US BOD MEMBER AT THE NEXT SCHEDULED BOD MEETING, 17-21 MAR 74.

5. REFERENCE E. - BEGIN QUOTE

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HMO/10.9.01/0080/74, 13 FEBRUARY 1974

TO: USREPRESENTATIVE TO THE NATO-HAWK BOARD OF DIRECTORS -
(THOUGH USNHLO)

FROM: GENERAL MANAGER - NATO-HAWK MANAGEMENT OFFICE

SUBJECT: DISPOSITION OF NATO-HAWK JOINTLY-OWNED MAINTENANCE
FLOAT MATERIAL

REF: - LETTERS FROM US REPRESENTATIVE TO THE NATO-HAWK BOARD OF
DIRECTORS OF 11.12.1973 AND 21.12.1973.

- LETTER NAHALO 2507/72 OF 29.8.1972.

BY LETTERS QUOTED AT REFERENCE, PURSUANT TO PROPOSALS MADE FOR THE SHARING-OUT OF THE MAINTENANCE FLOAT AMONG NHPLO COUNTRIES, THE US AUTHORITIES HAVE CLAIMED OWNERSHIP OF THE EQUIPMENT CORRESPONDING TO THE FOUR BATTALIONS PROCURED BY THEM FROM COUNTRIES PRODUCING BASIC HAWK EQUIPMENT.

FOLLOWING A FURTHER CAREFUL EXAMINATION OF THIS MATTER, NHMO CONSIDERS THAT THE US CANNOT CLAIM OWNERSHIP OF THE MAINTENANCE FLOAT.

INDEED, THE TERMS OF THE SALE TO THE US OF THE FOUR BATTALIONS CONCERNED WERE CLEARLY SPECIFIED BY THE MEMORANDUM OF UNDERSTANDING OF 8 NOVEMBER 1965 WHICH DOES NOT COVER ANY MAINTENANCE FLOAT EQUIPMENT.

THE TRANSFER OF THE BATTALIONS WAS BESIDES, SETTLED FINANCIALLY BY THE US/NHPLO AGREEMENT REGARDING THE CLOSING-OUT OF THE MUTUAL ACCOUNTS UNDER THE NATO-HAWK PRODUCTION PROGRAMME OF 29TH MAY 1972 (HMO/4.6.02/2241/71 AND HMO/5.11.01/7713/71 OF 22.12.1971). THIS AGREEMENT SPECIFIES MOREOVER IN ITS PARAGRAPH 2.4 THAT THE CLOSING-OUT OF THE MUTUAL ACCOUNTS IS TO BE CONSIDERED AS FINAL.

IN VIEW OF THE ABOVE, IT SEEMS TO ME THAT YOUR REQUEST RESULTS FROM A MISUNDERSTANDING ORIGINATING FROM THE MAINTENANCE FLOAT SHARING-OUT PROPOSALS ESTABLISHED BY NHMO, WHICH WERE LIMITED OFFICIAL USE
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ERRONEOUS. IT IS MY INTENTION TO PLACE THIS MATTER BEFORE THE BOARD OF DIRECTORS IN THE NEAR FUTURE.

LASTLY, THE FACT THAT THE COUNTRIES TO WHICH HAWK BATTALIONS WERE TRANSFERRED (ITALY - DENMARK - GREECE), PARTICIPATE IN THE UPKEEP OF THE MAINTENANCE FLOAT EQUIPMENT, WITHIN THE FRAMEWORK OF THE AGREEMENTS BINDING THE NHPLO COUNTRIES IN RESPECT OF COMMON LOGISTIC SUPPORT, HAS NO CONNECTION WITH THE FINANCIAL SETTLEMENT MADE WITH THE US.

I FEEL CONVINCED THAT THIS LETTER WILL PROVIDE YOU THE CLARIFICATIONS NEEDED AND WILL ALLOW US TO ADEQUATELY SETTLE WHAT APPEARS TO ME TO BE A MISUNDERSTANDING. SIGNED: L. MANCINI. END QUOTE.
RUMSFELD

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AGREEMENT- CLOSING OUT OF MUTUAL ACCTS, 29 MAY 74
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